

***In the Senate of the United States,***

*November 16, 2001.*

*Resolved*, That the bill from the House of Representatives (H.R. 2884) entitled “An Act to amend the Internal Revenue Code of 1986 to provide tax relief for victims of the terrorist attacks against the United States on September 11, 2001.”, do pass with the following

**AMENDMENTS:**

Strike out all after the enacting clause and insert:

1 ***SECTION 1. SHORT TITLE; ETC.***

2       (a) *SHORT TITLE*.—*This Act may be cited as the “Vic-*  
3 *tims of Terrorism Tax Relief Act of 2001”.*

1       (b) *AMENDMENT OF 1986 CODE.*—*Except as otherwise*  
 2 *expressly provided, whenever in this Act an amendment or*  
 3 *repeal is expressed in terms of an amendment to, or repeal*  
 4 *of, a section or other provision, the reference shall be consid-*  
 5 *ered to be made to a section or other provision of the Inter-*  
 6 *nal Revenue Code of 1986.*

7       (c) *TABLE OF CONTENTS.*—*The table of contents for*  
 8 *this Act is as follows:*

*Sec. 1. Short title; etc.*

**TITLE I—RELIEF PROVISIONS FOR VICTIMS OF TERRORIST  
ATTACKS**

*Sec. 101. Income and employment taxes of victims of terrorist attacks.*

*Sec. 102. Estate tax reduction.*

*Sec. 103. Payments by charitable organizations treated as exempt payments.*

*Sec. 104. Exclusion of certain cancellations of indebtedness.*

*Sec. 105. Treatment of certain structured settlement payments and disability trusts.*

*Sec. 106. No impact on social security trust funds.*

**TITLE II—GENERAL RELIEF FOR VICTIMS OF DISASTERS AND  
TERRORISTIC OR MILITARY ACTIONS**

*Sec. 201. Exclusion for disaster relief payments.*

*Sec. 202. Authority to postpone certain deadlines and required actions.*

*Sec. 203. Internal Revenue Service disaster response team.*

*Sec. 204. Application of certain provisions to terroristic or military actions.*

*Sec. 205. Clarification of due date for airline excise tax deposits.*

*Sec. 206. Coordination with Air Transportation Safety and System Stabilization Act.*

**TITLE III—DISCLOSURE OF TAX INFORMATION IN TERRORISM AND  
NATIONAL SECURITY INVESTIGATIONS**

*Sec. 301. Disclosure of tax information in terrorism and national security investigations.*

1 **TITLE I—RELIEF PROVISIONS**  
2 **FOR VICTIMS OF TERRORIST**  
3 **ATTACKS**

4 **SEC. 101. INCOME AND EMPLOYMENT TAXES OF VICTIMS OF**  
5 **TERRORIST ATTACKS.**

6 (a) *IN GENERAL.*—Section 692 (relating to income  
7 taxes of members of Armed Forces on death) is amended  
8 by adding at the end the following new subsection:

9 “(d) *INDIVIDUALS DYING AS A RESULT OF CERTAIN*  
10 *TERRORIST ATTACKS.*—

11 “(1) *IN GENERAL.*—In the case of any individual  
12 who dies as a result of wounds or injury incurred as  
13 a result of the terrorist attacks against the United  
14 States on April 19, 1995, or September 11, 2001, or  
15 who dies as a result of illness incurred as a result of  
16 a terrorist attack involving anthrax occurring on or  
17 after September 11, 2001, and before January 1,  
18 2002, any tax imposed by this subtitle shall not  
19 apply—

20 “(A) with respect to the taxable year in  
21 which falls the date of such individual’s death,  
22 and

23 “(B) with respect to any prior taxable year  
24 in the period beginning with the last taxable

1       *year ending before the taxable year in which the*  
2       *wounds, injury, or illness were incurred.*

3       “(2) *EXCEPTIONS.*—

4               “(A) *TAXATION OF CERTAIN BENEFITS.*—

5       *Subject to such rules as the Secretary may pre-*  
6       *scribe, paragraph (1) shall not apply to the*  
7       *amount of any tax imposed by this subtitle*  
8       *which would be computed by only taking into ac-*  
9       *count the items of income, gain, or other*  
10       *amounts attributable to—*

11               “(i) *amounts payable in the taxable*  
12       *year by reason of the death of an individual*  
13       *described in paragraph (1) which would*  
14       *have been payable in such taxable year if*  
15       *the death had occurred by reason of an*  
16       *event other than an event described in para-*  
17       *graph (1), or*

18               “(ii) *amounts payable in the taxable*  
19       *year which would not have been payable in*  
20       *such taxable year but for an action taken*  
21       *after the date of the applicable terrorist at-*  
22       *tack.*

23               “(B) *NO RELIEF FOR PERPETRATORS.*—

24       *Paragraph (1) shall not apply with respect to*  
25       *any individual identified by the Attorney Gen-*

1            *eral to have been a participant or conspirator in*  
 2            *any event described in paragraph (1), or a rep-*  
 3            *resentative of such individual.”.*

4            *(b) REFUND OF OTHER TAXES PAID.—Section 692, as*  
 5            *amended by subsection (a), is amended by adding at the*  
 6            *end the following new subsection:*

7            *“(e) REFUND OF OTHER TAXES PAID.—In deter-*  
 8            *mining the amount of tax under this section to be credited*  
 9            *or refunded as an overpayment with respect to any indi-*  
 10           *vidual for any period, such amount shall be increased by*  
 11           *an amount equal to the amount of taxes imposed and col-*  
 12           *lected under chapter 21 and sections 3201(a), 3211(a)(1),*  
 13           *and 3221(a) with respect to such individual for such pe-*  
 14           *riod.”.*

15           *(c) CONFORMING AMENDMENTS.—*

16           *(1) Section 5(b)(1) is amended by inserting “and*  
 17           *victims of certain terrorist attacks” before “on death”.*

18           *(2) Section 6013(f)(2)(B) is amended by insert-*  
 19           *ing “and victims of certain terrorist attacks” before*  
 20           *“on death”.*

21           *(d) CLERICAL AMENDMENTS.—*

22           *(1) The heading of section 692 is amended to*  
 23           *read as follows:*

1 **“SEC. 692. INCOME AND EMPLOYMENT TAXES OF MEMBERS**  
 2 **OF ARMED FORCES AND VICTIMS OF CERTAIN**  
 3 **TERRORIST ATTACKS ON DEATH.”.**

4 *(2) The item relating to section 692 in the table*  
 5 *of sections for part II of subchapter J of chapter 1 is*  
 6 *amended to read as follows:*

*“Sec. 692. Income and employment taxes of members of Armed  
 Forces and victims of certain terrorist attacks on  
 death.”.*

7 *(e) EFFECTIVE DATE; WAIVER OF LIMITATIONS.—*

8 *(1) EFFECTIVE DATE.—The amendments made*  
 9 *by this section shall apply to taxable years ending be-*  
 10 *fore, on, or after September 11, 2001.*

11 *(2) WAIVER OF LIMITATIONS.—If refund or cred-*  
 12 *it of any overpayment of tax resulting from the*  
 13 *amendments made by this section is prevented at any*  
 14 *time before the close of the 1-year period beginning on*  
 15 *the date of the enactment of this Act by the operation*  
 16 *of any law or rule of law (including res judicata),*  
 17 *such refund or credit may nevertheless be made or al-*  
 18 *lowed if claim therefor is filed before the close of such*  
 19 *period.*

20 **SEC. 102. ESTATE TAX REDUCTION.**

21 *(a) IN GENERAL.—Section 2201 is amended to read*  
 22 *as follows:*

1 **“SEC. 2201. COMBAT ZONE-RELATED DEATHS OF MEMBERS**  
2 **OF THE ARMED FORCES AND DEATHS OF VIC-**  
3 **TIMS OF CERTAIN TERRORIST ATTACKS.**

4 “(a) *IN GENERAL.*—Unless the executor elects not to  
5 have this section apply, in applying section 2001 to the es-  
6 tate of a qualified decedent, the rate schedule set forth in  
7 subsection (c) shall be deemed to be the rate schedule set  
8 forth in section 2001(c).

9 “(b) *QUALIFIED DECEDENT.*—For purposes of this sec-  
10 tion, the term ‘qualified decedent’ means—

11 “(1) any citizen or resident of the United States  
12 dying while in active service of the Armed Forces of  
13 the United States, if such decedent—

14 “(A) was killed in action while serving in  
15 a combat zone, as determined under section  
16 112(c), or

17 “(B) died as a result of wounds, disease, or  
18 injury suffered while serving in a combat zone  
19 (as determined under section 112(c)), and while  
20 in the line of duty, by reason of a hazard to  
21 which such decedent was subjected as an incident  
22 of such service, or

23 “(2) any individual who died as a result of  
24 wounds or injury incurred as a result of the terrorist  
25 attacks against the United States on April 19, 1995,  
26 or September 11, 2001, or who died as a result of ill-

1       ness incurred as a result of a terrorist attack involv-  
 2       ing anthrax occurring on or after September 11,  
 3       2001, and before January 1, 2002.

4   Paragraph (2) shall not apply with respect to any indi-  
 5   vidual identified by the Attorney General to have been a  
 6   participant or conspirator in any such terrorist attack, or  
 7   a representative of such individual.

8       “(c) *RATE SCHEDULE.*—

**“If the amount with respect to   The tentative tax is:  
       which the tentative tax to  
       be computed is:**

Not over \$150,000 .....	1 percent of the amount by which such amount exceeds \$100,000.
Over \$150,000 but not over \$200,000.	\$500 plus 2 percent of the excess over \$150,000.
Over \$200,000 but not over \$300,000.	\$1,500 plus 3 percent of the excess over \$200,000.
Over \$300,000 but not over \$500,000.	\$4,500 plus 4 percent of the excess over \$300,000.
Over \$500,000 but not over \$700,000.	\$12,500 plus 5 percent of the excess over \$500,000.
Over \$700,000 but not over \$900,000.	\$22,500 plus 6 percent of the excess over \$700,000.
Over \$900,000 but not over \$1,100,000.	\$34,500 plus 7 percent of the excess over \$900,000.
Over \$1,100,000 but not over \$1,600,000.	\$48,500 plus 8 percent of the excess over \$1,100,000.
Over \$1,600,000 but not over \$2,100,000.	\$88,500 plus 9 percent of the excess over \$1,600,000.
Over \$2,100,000 but not over \$2,600,000.	\$133,500 plus 10 percent of the excess over \$2,100,000.
Over \$2,600,000 but not over \$3,100,000.	\$183,500 plus 11 percent of the excess over \$2,600,000.
Over \$3,100,000 but not over \$3,600,000.	\$238,500 plus 12 percent of the excess over \$3,100,000.
Over \$3,600,000 but not over \$4,100,000.	\$298,500 plus 13 percent of the excess over \$3,600,000.
Over \$4,100,000 but not over \$5,100,000.	\$363,500 plus 14 percent of the excess over \$4,100,000.
Over \$5,100,000 but not over \$6,100,000.	\$503,500 plus 15 percent of the excess over \$5,100,000.
Over \$6,100,000 but not over \$7,100,000.	\$653,500 plus 16 percent of the excess over \$6,100,000.
Over \$7,100,000 but not over \$8,100,000.	\$813,500 plus 17 percent of the excess over \$7,100,000.



***“If the amount with respect to which the tentative tax to be computed is:      The tentative tax is:***

Over \$8,100,000 but not over \$9,100,000.	\$983,500 plus 18 percent of the excess over \$8,100,000.
Over \$9,100,000 but not over \$10,100,000.	\$1,163,500 plus 19 percent of the excess over \$9,100,000.
Over \$10,100,000 .....	\$1,353,500 plus 20 percent of the excess over \$10,100,000.

1       “(d) *DETERMINATION OF UNIFIED CREDIT.*—*In the*  
2 *case of an estate to which this section applies, subsection*  
3 *(a) shall not apply in determining the credit under section*  
4 *2010.*”.

5       (b) *CONFORMING AMENDMENTS.*—

6           (1) *Section 2011 is amended by striking sub-*  
7 *section (d) and by redesignating subsections (e), (f),*  
8 *and (g) as subsections (d), (e), and (f), respectively.*

9           (2) *Section 2053(d)(3)(B) is amended by strik-*  
10 *ing “section 2011(e)” and inserting “section*  
11 *2011(d)”.*

12           (3) *Paragraph (9) of section 532(c) of the Eco-*  
13 *nomic Growth and Tax Relief Reconciliation Act of*  
14 *2001 is repealed.*

15       (c) *CLERICAL AMENDMENT.*—*The item relating to sec-*  
16 *tion 2201 in the table of sections for subchapter C of chapter*  
17 *11 is amended to read as follows:*

“Sec. 2201. *Combat zone-related deaths of members of the Armed Forces and deaths of victims of certain terrorist attacks.*”.

18       (d) *EFFECTIVE DATE; WAIVER OF LIMITATIONS.*—

19           (1) *EFFECTIVE DATE.*—*The amendments made*  
20 *by this section shall apply to estates of decedents—*

1           (A) dying on or after September 11, 2001,  
2           and

3           (B) in the case of individuals dying as a re-  
4           sult of the April 19, 1995, terrorist attack, dying  
5           on or after April 19, 1995.

6           (2) *WAIVER OF LIMITATIONS.*—If refund or cred-  
7           it of any overpayment of tax resulting from the  
8           amendments made by this section is prevented at any  
9           time before the close of the 1-year period beginning on  
10          the date of the enactment of this Act by the operation  
11          of any law or rule of law (including *res judicata*),  
12          such refund or credit may nevertheless be made or al-  
13          lowed if claim therefor is filed before the close of such  
14          period.

15 **SEC. 103. PAYMENTS BY CHARITABLE ORGANIZATIONS**  
16 **TREATED AS EXEMPT PAYMENTS.**

17          (a) *IN GENERAL.*—For purposes of the Internal Rev-  
18          enue Code of 1986—

19               (1) payments made by an organization described  
20               in section 501(c)(3) of such Code by reason of the  
21               death, injury, wounding, or illness of an individual  
22               incurred as the result of the terrorist attacks against  
23               the United States on September 11, 2001, or a ter-  
24               rorist attack involving anthrax occurring on or after  
25               September 11, 2001, and before January 1, 2002,

1      *shall be treated as related to the purpose or function*  
 2      *constituting the basis for such organization's exemp-*  
 3      *tion under section 501 of such Code if such payments*  
 4      *are made using an objective formula which is consist-*  
 5      *ently applied, and*

6            *(2) in the case of a private foundation (as de-*  
 7      *finied in section 509 of such Code), any payment de-*  
 8      *scribed in paragraph (1) shall not be treated as made*  
 9      *to a disqualified person for purposes of section 4941*  
 10     *of such Code.*

11     *(b) EFFECTIVE DATE.—This section shall apply to*  
 12     *payments made on or after September 11, 2001.*

13     **SEC. 104. EXCLUSION OF CERTAIN CANCELLATIONS OF IN-**  
 14            **DEBTEDNESS.**

15     *(a) IN GENERAL.—For purposes of the Internal Rev-*  
 16     *enue Code of 1986—*

17            *(1) gross income shall not include any amount*  
 18      *which (but for this section) would be includible in*  
 19      *gross income by reason of the discharge (in whole or*  
 20      *in part) of indebtedness of any taxpayer if the dis-*  
 21      *charge is by reason of the death of an individual in-*  
 22      *curring as the result of the terrorist attacks against the*  
 23      *United States on September 11, 2001, or a terrorist*  
 24      *attack involving anthrax occurring on or after Sep-*  
 25      *tember 11, 2001, and before January 1, 2002, and*

1           (2) *return requirements under section 6050P of*  
 2           *such Code shall not apply to any discharge described*  
 3           *in paragraph (1).*

4           (b) *EFFECTIVE DATE.*—*This section shall apply to dis-*  
 5           *charges made on or after September 11, 2001, and before*  
 6           *January 1, 2002.*

7   **SEC. 105. TREATMENT OF CERTAIN STRUCTURED SETTLE-**  
 8           **MENT PAYMENTS AND DISABILITY TRUSTS.**

9           (a) *IMPOSITION OF EXCISE TAX ON PERSONS WHO*  
 10          *ACQUIRE CERTAIN STRUCTURED SETTLEMENT PAYMENTS*  
 11          *IN FACTORING TRANSACTIONS.*—

12           (1) *IN GENERAL.*—*Subtitle E is amended by*  
 13           *adding at the end the following new chapter:*

14   **“CHAPTER 55—STRUCTURED SETTLEMENT**  
 15          **FACTORING TRANSACTIONS**

*“Sec. 5891. Structured settlement factoring transactions for certain  
 victims of terrorism.*

16   **“SEC. 5891. STRUCTURED SETTLEMENT FACTORING TRANS-**  
 17          **ACTIONS FOR CERTAIN VICTIMS OF TER-**  
 18          **RORISM.**

19           “(a) *IMPOSITION OF TAX.*—*There is hereby imposed on*  
 20          *any person who acquires directly or indirectly structured*  
 21          *settlement payment rights in a structured settlement fac-*  
 22          *toring transaction a tax equal to 40 percent of the factoring*  
 23          *discount as determined under subsection (c)(4) with respect*  
 24          *to such factoring transaction.*

1       “(b) *EXCEPTION FOR CERTAIN APPROVED TRANS-*  
2 *ACTIONS.*—

3               “(1) *IN GENERAL.*—*The tax under subsection (a)*  
4 *shall not apply in the case of a structured settlement*  
5 *factoring transaction in which the transfer of struc-*  
6 *tured settlement payment rights is approved in ad-*  
7 *vance in a qualified order.*

8               “(2) *QUALIFIED ORDER.*—*For purposes of this*  
9 *section, the term ‘qualified order’ means a final order,*  
10 *judgment, or decree which—*

11                   “(A) *finds that the transfer described in*  
12 *paragraph (1)—*

13                           “(i) *does not contravene any Federal*  
14 *or State statute or the order of any court or*  
15 *responsible administrative authority, and*

16                           “(ii) *is in the best interest of the payee,*  
17 *taking into account the welfare and support*  
18 *of the payee’s dependents, and*

19                           “(B) *is issued—*

20                                   “(i) *under the authority of an applica-*  
21 *ble State statute by an applicable State*  
22 *court, or*

23                                   “(ii) *by the responsible administrative*  
24 *authority (if any) which has exclusive juris-*  
25 *diction over the underlying action or pro-*

1                   *ceeding which was resolved by means of the*  
2                   *structured settlement.*

3                   “(3) *APPLICABLE STATE STATUTE.*—For pur-  
4                   *poses of this section, the term ‘applicable State stat-*  
5                   *ute’ means a statute providing for the entry of an*  
6                   *order, judgment, or decree described in paragraph*  
7                   *(2)(A) which is enacted by—*

8                   “(A) *the State in which the payee of the*  
9                   *structured settlement is domiciled, or*

10                   “(B) *if there is no statute described in sub-*  
11                   *paragraph (A), the State in which either the*  
12                   *party to the structured settlement (including an*  
13                   *assignee under a qualified assignment under sec-*  
14                   *tion 130) or the person issuing the funding asset*  
15                   *for the structured settlement is domiciled or has*  
16                   *its principal place of business.*

17                   “(4) *APPLICABLE STATE COURT.*—For purposes  
18                   *of this section—*

19                   “(A) *IN GENERAL.*—The term ‘applicable  
20                   *State court’ means, with respect to any applica-*  
21                   *ble State statute, a court of the State which en-*  
22                   *acted such statute.*

23                   “(B) *SPECIAL RULE.*—In the case of an ap-  
24                   *plicable State statute described in paragraph*  
25                   *(3)(B), such term also includes a court of the*

1           *State in which the payee of the structured settle-*  
2           *ment is domiciled.*

3           “(5) *QUALIFIED ORDER DISPOSITIVE.*—*A quali-*  
4           *fied order shall be treated as dispositive for purposes*  
5           *of the exception under this subsection.*

6           “(c) *DEFINITIONS.*—*For purposes of this section—*

7           “(1) *STRUCTURED SETTLEMENT.*—*The term*  
8           *‘structured settlement’ means an arrangement—*

9           “(A) *which is established by—*

10           “(i) *suit or agreement for the periodic*  
11           *payment of damages excludable from the*  
12           *gross income of the recipient under section*  
13           *104(a)(2), or*

14           “(ii) *agreement for the periodic pay-*  
15           *ment of compensation under any workers’*  
16           *compensation law excludable from the gross*  
17           *income of the recipient under section*  
18           *104(a)(1), and*

19           “(B) *under which the periodic payments*  
20           *are—*

21           “(i) *of the character described in sub-*  
22           *paragraphs (A) and (B) of section*  
23           *130(c)(2), and*

24           “(ii) *payable by a person who is a*  
25           *party to the suit or agreement or to the*

1            *workers’ compensation claim or by a person*  
2            *who has assumed the liability for such peri-*  
3            *odic payments under a qualified assignment*  
4            *in accordance with section 130.*

5            “(2)    *STRUCTURED    SETTLEMENT    PAYMENT*  
6            *RIGHTS.—The term ‘structured settlement payment*  
7            *rights’ means rights to receive payments under a*  
8            *structured settlement relating to claims for death,*  
9            *wounding, injury, or illness as a result of the terrorist*  
10           *attacks against the United States on September 11,*  
11           *2001, or a terrorist attack involving anthrax occur-*  
12           *ring on or after September 11, 2001, and before Jan-*  
13           *uary 1, 2002.*

14           “(3)    *STRUCTURED    SETTLEMENT    FACTORING*  
15           *TRANSACTION.—*

16           “(A)    *IN GENERAL.—The term ‘structured*  
17           *settlement factoring transaction’ means a trans-*  
18           *fer of structured settlement payment rights (in-*  
19           *cluding portions of structured settlement pay-*  
20           *ments) made for consideration by means of sale,*  
21           *assignment, pledge, or other form of encumbrance*  
22           *or alienation for consideration.*

23           “(B)    *EXCEPTION.—Such term shall not*  
24           *include—*



1                   “(i) the creation or perfection of a se-  
2                   curity interest in structured settlement pay-  
3                   ment rights under a blanket security agree-  
4                   ment entered into with an insured deposi-  
5                   tory institution in the absence of any action  
6                   to redirect the structured settlement pay-  
7                   ments to such institution (or agent or suc-  
8                   cessor thereof) or otherwise to enforce such  
9                   blanket security interest as against the  
10                  structured settlement payment rights, or

11                  “(ii) a subsequent transfer of struc-  
12                  tured settlement payment rights acquired in  
13                  a structured settlement factoring trans-  
14                  action.

15                  “(4) *FACTORING DISCOUNT*.—The term ‘factoring  
16                  discount’ means an amount equal to the excess of—

17                  “(A) the aggregate undiscounted amount of  
18                  structured settlement payments being acquired in  
19                  the structured settlement factoring transaction,  
20                  over

21                  “(B) the total amount actually paid by the  
22                  acquirer to the person from whom such struc-  
23                  tured settlement payments are acquired.

24                  “(5) *RESPONSIBLE ADMINISTRATIVE AUTHOR-*  
25                  *ITY*.—The term ‘responsible administrative authority’

1        *means the administrative authority which had juris-*  
2        *diction over the underlying action or proceeding*  
3        *which was resolved by means of the structured settle-*  
4        *ment.*

5                *“(6) STATE.—The term ‘State’ includes the Com-*  
6        *monwealth of Puerto Rico and any possession of the*  
7        *United States.*

8                *“(d) COORDINATION WITH OTHER PROVISIONS.—*

9                *“(1) IN GENERAL.—If the applicable require-*  
10        *ments of sections 72, 104(a)(1), 104(a)(2), 130, and*  
11        *461(h) were satisfied at the time the structured settle-*  
12        *ment involving structured settlement payment rights*  
13        *was entered into, the subsequent occurrence of a struc-*  
14        *tured settlement factoring transaction shall not affect*  
15        *the application of the provisions of such sections to*  
16        *the parties to the structured settlement (including an*  
17        *assignee under a qualified assignment under section*  
18        *130) in any taxable year.*

19                *“(2) NO WITHHOLDING OF TAX.—The provisions*  
20        *of section 3405 regarding withholding of tax shall not*  
21        *apply to the person making the payments in the event*  
22        *of a structured settlement factoring transaction.*

23                *“(3) NO INFERENCE.—No inference shall be*  
24        *drawn from the application of this subsection to only*  
25        *those payment rights described in subsection (c)(2).”.*

1           (2) *CLERICAL AMENDMENT.*—*The table of chap-*  
 2           *ters for subtitle E is amended by adding at the end*  
 3           *the following new item:*

                  “Chapter 55. Structured settlement factoring transactions.”.

4           (3) *EFFECTIVE DATES.*—

5                   (A) *IN GENERAL.*—*The amendments made*  
 6                   *by this subsection (other than the provisions of*  
 7                   *section 5891(d) of the Internal Revenue Code of*  
 8                   *1986, as added by this subsection) shall apply to*  
 9                   *structured settlement factoring transactions (as*  
 10                   *defined in section 5891(c) of such Code (as so*  
 11                   *added)) entered into on or after the 30th day fol-*  
 12                   *lowing the date of the enactment of this Act.*

13                   (B) *CLARIFICATION OF EXISTING LAW.*—  
 14                   *Section 5891(d) of such Code (as so added) shall*  
 15                   *apply to structured settlement factoring trans-*  
 16                   *actions (as defined in section 5891(c) of such*  
 17                   *Code (as so added)) entered into on or after such*  
 18                   *30th day.*

19                   (C) *TRANSITION RULE.*—*In the case of a*  
 20                   *structured settlement factoring transaction en-*  
 21                   *tered into during the period beginning on the*  
 22                   *30th day following the date of the enactment of*  
 23                   *this Act and ending on July 1, 2002, no tax*  
 24                   *shall be imposed under section 5891(a) of such*  
 25                   *Code if—*

1           (i) the structured settlement payee is  
2           domiciled in a State (or possession of the  
3           United States) which has not enacted a  
4           statute providing that the structured settle-  
5           ment factoring transaction is ineffective un-  
6           less the transaction has been approved by  
7           an order, judgment, or decree of a court (or  
8           where applicable, a responsible administra-  
9           tive authority) which finds that such  
10          transaction—

11                 (I) does not contravene any Fed-  
12                 eral or State statute or the order of  
13                 any court (or responsible administra-  
14                 tive authority), and

15                 (II) is in the best interest of the  
16                 structured settlement payee or is ap-  
17                 propriate in light of a hardship faced  
18                 by the payee, and

19          (ii) the person acquiring the structured  
20          settlement payment rights discloses to the  
21          structured settlement payee in advance of  
22          the structured settlement factoring trans-  
23          action the amounts and due dates of the  
24          payments to be transferred, the aggregate  
25          amount to be transferred, the consideration

1           to be received by the structured settlement  
 2           payee for the transferred payments, the dis-  
 3           counted present value of the transferred  
 4           payments (including the present value as  
 5           determined in the manner described in sec-  
 6           tion 7520 of such Code), and the expenses  
 7           required under the terms of the structured  
 8           settlement factoring transaction to be paid  
 9           by the structured settlement payee or de-  
 10          ducted from the proceeds of such trans-  
 11          action.

12          (b) *PERSONAL EXEMPTION DEDUCTION FOR CERTAIN*  
 13          *DISABILITY TRUSTS.*—

14               (1) *IN GENERAL.*—Section 642(b) (relating to de-  
 15          duction for personal exemption) is amended—

16                   (A) by striking “An estate” and inserting:

17                       “(1) *IN GENERAL.*—An estate”, and

18                   (2) by adding at the end the following new para-  
 19          graph:

20                       “(2) *FULL PERSONAL EXEMPTION AMOUNT FOR*  
 21          *CERTAIN DISABILITY TRUSTS.*—Paragraph (1) shall  
 22          not apply, and the deduction under section 151 shall  
 23          apply, to any disability trust described in subsection  
 24          (c)(2)(B)(iv), (d)(4)(A), or (d)(4)(C) of section 1917  
 25          of the Social Security Act (42 U.S.C. 1396p) for a

1        *beneficiary disabled as the result of a wounding, in-*  
 2        *jury, or illness as a result of the terrorist attacks*  
 3        *against the United States on April 19, 1995, or Sep-*  
 4        *tember 11, 2001, or a terrorist attack involving an-*  
 5        *thrax occurring on or after September 11, 2001, and*  
 6        *before January 1, 2002.”.*

7            (2) *EFFECTIVE DATE; WAIVER OF LIMITA-*  
 8        *TIONS.—*

9            (A) *EFFECTIVE DATE.—The amendments*  
 10        *made by this subsection shall apply to taxable*  
 11        *years ending before, on, or after September 11,*  
 12        *2001.*

13            (B) *WAIVER OF LIMITATIONS.—If refund or*  
 14        *credit of any overpayment of tax resulting from*  
 15        *the amendments made by this subsection is pre-*  
 16        *vented at any time before the close of the 1-year*  
 17        *period beginning on the date of the enactment of*  
 18        *this Act by the operation of any law or rule of*  
 19        *law (including res judicata), such refund or*  
 20        *credit may nevertheless be made or allowed if*  
 21        *claim therefor is filed before the close of such pe-*  
 22        *riod.*

23        **SEC. 106. NO IMPACT ON SOCIAL SECURITY TRUST FUND.**

24            (a) *IN GENERAL.—Nothing in this title (or an amend-*  
 25        *ment made by this title) shall be construed to alter or*

1 *amend title II of the Social Security Act (or any regulation*  
2 *promulgated under that Act).*

3 (b) *TRANSFERS.*—

4 (1) *ESTIMATE OF SECRETARY.*—*The Secretary of*  
5 *the Treasury shall annually estimate the impact that*  
6 *the enactment of this Act has on the income and bal-*  
7 *ances of the trust funds established under section 201*  
8 *of the Social Security Act (42 U.S.C. 401).*

9 (2) *TRANSFER OF FUNDS.*—*If, under paragraph*  
10 *(1), the Secretary of the Treasury estimates that the*  
11 *enactment of this Act has a negative impact on the*  
12 *income and balances of the trust funds established*  
13 *under section 201 of the Social Security Act (42*  
14 *U.S.C. 401), the Secretary shall transfer, not less fre-*  
15 *quently than quarterly, from the general revenues of*  
16 *the Federal Government an amount sufficient so as to*  
17 *ensure that the income and balances of such trust*  
18 *funds are not reduced as a result of the enactment of*  
19 *this Act.*

1 **TITLE II—GENERAL RELIEF FOR**  
 2 **VICTIMS OF DISASTERS AND**  
 3 **TERRORISTIC OR MILITARY**  
 4 **ACTIONS**

5 **SEC. 201. EXCLUSION FOR DISASTER RELIEF PAYMENTS.**

6 (a) *IN GENERAL.*—Part III of subchapter B of chapter  
 7 1 (relating to items specifically excluded from gross income)  
 8 is amended by redesignating section 139 as section 140 and  
 9 inserting after section 138 the following new section:

10 **“SEC. 139. DISASTER RELIEF PAYMENTS.**

11 “(a) *GENERAL RULE.*—Gross income shall not  
 12 include—

13 “(1) any amount received as payment under sec-  
 14 tion 406 of the Air Transportation Safety and Sys-  
 15 tem Stabilization Act, or

16 “(2) any amount received by an individual as a  
 17 qualified disaster relief payment.

18 “(b) *QUALIFIED DISASTER RELIEF PAYMENT DE-*  
 19 *FINED.*—For purposes of this section, the term ‘qualified  
 20 disaster relief payment’ means any amount paid to or for  
 21 the benefit of an individual—

22 “(1) to reimburse or pay reasonable and nec-  
 23 essary personal, family, living, or funeral expenses  
 24 incurred as a result of a qualified disaster,



1           “(2) to reimburse or pay reasonable and nec-  
2       essary expenses incurred for the repair or rehabilita-  
3       tion of a personal residence or repair or replacement  
4       of its contents to the extent that the need for such re-  
5       pair, rehabilitation, or replacement is attributable to  
6       a qualified disaster,

7           “(3) by a person engaged in the furnishing or  
8       sale of transportation as a common carrier by reason  
9       of the death or personal physical injuries incurred as  
10      a result of a qualified disaster, or

11          “(4) if such amount is paid by a Federal, State,  
12      or local government, or agency or instrumentality  
13      thereof, in connection with a qualified disaster in  
14      order to promote the general welfare,

15      but only to the extent any expense compensated by such  
16      payment is not otherwise compensated for by insurance or  
17      otherwise.

18          “(c) *QUALIFIED DISASTER DEFINED.*—For purposes  
19      of this section, the term ‘qualified disaster’ means—

20           “(1) a disaster which results from a terroristic or  
21      military action (as defined in section 692(c)(2)),

22           “(2) a Presidentially declared disaster (as de-  
23      fined in section 1033(h)(3)),

24           “(3) a disaster which results from an accident  
25      involving a common carrier, or from any other event,

1       *which is determined by the Secretary to be of a cata-*  
 2       *strophic nature, or*

3               “(4) *with respect to amounts described in sub-*  
 4       *section (b)(4), a disaster which is determined by an*  
 5       *applicable Federal, State, or local authority (as deter-*  
 6       *mined by the Secretary) to warrant assistance from*  
 7       *the Federal, State, or local government or agency or*  
 8       *instrumentality thereof.*

9               “(d) *COORDINATION WITH EMPLOYMENT TAXES.—For*  
 10       *purposes of chapter 2 and subtitle C, a qualified disaster*  
 11       *relief payment shall not be treated as net earnings from*  
 12       *self-employment, wages, or compensation subject to tax.*

13               “(e) *NO RELIEF FOR CERTAIN INDIVIDUALS.—Sub-*  
 14       *section (a) shall not apply with respect to any individual*  
 15       *identified by the Attorney General to have been a partici-*  
 16       *pant or conspirator in a terroristic action (as so defined),*  
 17       *or a representative of such individual.”.*

18               “(b) *CONFORMING AMENDMENTS.—The table of sections*  
 19       *for part III of subchapter B of chapter 1 is amended by*  
 20       *striking the item relating to section 139 and inserting the*  
 21       *following new items:*

                  “Sec. 139. *Disaster relief payments.*

                  “Sec. 140. *Cross references to other Acts.”.*

22               “(c) *EFFECTIVE DATE.—The amendments made by this*  
 23       *section shall apply to taxable years ending on or after Sep-*  
 24       *tember 11, 2001.*

1 **SEC. 202. AUTHORITY TO POSTPONE CERTAIN DEADLINES**  
 2 **AND REQUIRED ACTIONS.**

3 (a) *EXPANSION OF AUTHORITY RELATING TO DISAS-*  
 4 *TERS AND TERRORISTIC OR MILITARY ACTIONS.*—Section  
 5 7508A is amended to read as follows:

6 **“SEC. 7508A. AUTHORITY TO POSTPONE CERTAIN DEAD-**  
 7 **LINES BY REASON OF PRESIDENTIALLY DE-**  
 8 **CLARED DISASTER OR TERRORISTIC OR MILI-**  
 9 **TARY ACTIONS.**

10 “(a) *IN GENERAL.*—In the case of a taxpayer deter-  
 11 mined by the Secretary to be affected by a Presidentially  
 12 declared disaster (as defined in section 1033(h)(3)) or a ter-  
 13 roristic or military action (as defined in section 692(c)(2)),  
 14 the Secretary may specify a period of up to one year that  
 15 may be disregarded in determining, under the internal rev-  
 16 enue laws, in respect of any tax liability of such taxpayer—

17 “(1) *whether any of the acts described in para-*  
 18 *graph (1) of section 7508(a) were performed within*  
 19 *the time prescribed therefor (determined without re-*  
 20 *gard to extension under any other provision of this*  
 21 *subtitle for periods after the date (determined by the*  
 22 *Secretary) of such disaster or action),*

23 “(2) *the amount of any interest, penalty, addi-*  
 24 *tional amount, or addition to the tax for periods after*  
 25 *such date, and*

26 “(3) *the amount of any credit or refund.*

1       “(b) *SPECIAL RULES REGARDING PENSIONS, ETC.—*  
2 *In the case of a pension or other employee benefit plan, or*  
3 *any sponsor, administrator, participant, beneficiary, or*  
4 *other person with respect to such plan, affected by a disaster*  
5 *or action described in subsection (a), the Secretary may*  
6 *specify a period of up to one year which may be disregarded*  
7 *in determining the date by which any action is required*  
8 *or permitted to be completed under this title. No plan shall*  
9 *be treated as failing to be operated in accordance with the*  
10 *terms of the plan solely as the result of disregarding any*  
11 *period by reason of the preceding sentence.*

12       “(c) *SPECIAL RULES FOR OVERPAYMENTS.—The rules*  
13 *of section 7508(b) shall apply for purposes of this section.”.*

14       (b) *CLARIFICATION OF SCOPE OF ACTS SECRETARY*  
15 *MAY POSTPONE.—Section 7508(a)(1)(K) (relating to time*  
16 *to be disregarded) is amended by striking “in regulations*  
17 *prescribed under this section”.*

18       (c) *CONFORMING AMENDMENTS TO ERISA.—*

19               (1) *Part 5 of subtitle B of title I of the Employee*  
20 *Retirement Income Security Act of 1974 (29 U.S.C.*  
21 *1131 et seq.) is amended by adding at the end the fol-*  
22 *lowing new section:*

1 **“SEC. 518. AUTHORITY TO POSTPONE CERTAIN DEADLINES**  
 2 **BY REASON OF PRESIDENTIALLY DECLARED**  
 3 **DISASTER OR TERRORISTIC OR MILITARY AC-**  
 4 **TIONS.**

5 *“In the case of a pension or other employee benefit*  
 6 *plan, or any sponsor, administrator, participant, bene-*  
 7 *ficiary, or other person with respect to such plan, affected*  
 8 *by a Presidentially declared disaster (as defined in section*  
 9 *1033(h)(3) of the Internal Revenue Code of 1986) or a ter-*  
 10 *roristic or military action (as defined in section 692(c)(2)*  
 11 *of such Code), the Secretary may, notwithstanding any*  
 12 *other provision of law, prescribe, by notice or otherwise, a*  
 13 *period of up to one year which may be disregarded in deter-*  
 14 *mining the date by which any action is required or per-*  
 15 *mitted to be completed under this Act. No plan shall be*  
 16 *treated as failing to be operated in accordance with the*  
 17 *terms of the plan solely as the result of disregarding any*  
 18 *period by reason of the preceding sentence.”.*

19 *(2) Section 4002 of Employee Retirement Income*  
 20 *Security Act of 1974 (29 U.S.C. 1302) is amended by*  
 21 *adding at the end the following new subsection:*

22 *“(i) SPECIAL RULES REGARDING DISASTERS, ETC.—*  
 23 *In the case of a pension or other employee benefit plan, or*  
 24 *any sponsor, administrator, participant, beneficiary, or*  
 25 *other person with respect to such plan, affected by a Presi-*  
 26 *dentially declared disaster (as defined in section 1033(h)(3)*

1 of the Internal Revenue Code of 1986) or a terroristic or  
 2 military action (as defined in section 692(c)(2) of such  
 3 Code), the corporation may, notwithstanding any other pro-  
 4 vision of law, prescribe, by notice or otherwise, a period  
 5 of up to one year which may be disregarded in determining  
 6 the date by which any action is required or permitted to  
 7 be completed under this Act. No plan shall be treated as  
 8 failing to be operated in accordance with the terms of the  
 9 plan solely as the result of disregarding any period by rea-  
 10 son of the preceding sentence.”.

11 (d) *ADDITIONAL CONFORMING AMENDMENTS.*—

12 (1) Section 6404 is amended—

13 (A) by striking subsection (h),

14 (B) by redesignating subsection (i) as sub-  
 15 section (h), and

16 (C) by adding at the end the following new  
 17 subsection:

18 “(i) *CROSS REFERENCE.*—

**“For authority of the Secretary to abate certain  
 amounts by reason of Presidentially declared dis-  
 aster or terroristic or military action, see section  
 7508A.”.**

19 (2) Section 6081(c) is amended to read as fol-  
 20 lows:

1 “(c) *CROSS REFERENCES.*—

“***For time for performing certain acts postponed by reason of war, see section 7508, and by reason of Presidentially declared disaster or terroristic or military action, see section 7508A.***”.

2 (3) *Section 6161(d) is amended by adding at the*  
 3 *end the following new paragraph:*

4 “(3) *POSTPONEMENT OF CERTAIN ACTS.*—

“***For time for performing certain acts postponed by reason of war, see section 7508, and by reason of Presidentially declared disaster or terroristic or military action, see section 7508A.***”.

5 (d) *CLERICAL AMENDMENTS.*—

6 (1) *The item relating to section 7508A in the*  
 7 *table of sections for chapter 77 is amended to read as*  
 8 *follows:*

“Sec. 7508A. *Authority to postpone certain deadlines by reason of Presidentially declared disaster or terroristic or military actions.*”.

9 (2) *The table of contents for the Employee Re-*  
 10 *tirement Income Security Act of 1974 is amended by*  
 11 *inserting after the item relating to section 517 the fol-*  
 12 *lowing new item:*

“Sec. 518. *Authority to postpone certain deadlines by reason of Presidentially declared disaster or terroristic or military actions.*”.

13 (e) *EFFECTIVE DATE.*—*The amendments made by this*  
 14 *section shall apply to disasters and terroristic or military*  
 15 *actions occurring on or after September 11, 2001, with re-*  
 16 *spect to any action of the Secretary of the Treasury, the*  
 17 *Secretary of Labor, or the Pension Benefit Guaranty Cor-*

1 *poration occurring on or after the date of the enactment*  
 2 *of this Act.*

3 **SEC. 203. INTERNAL REVENUE SERVICE DISASTER RE-**  
 4 **SPONSE TEAM.**

5 *(a) IN GENERAL.—Section 7508A, as amended by sec-*  
 6 *tion 202(a), is amended by adding at the end the following*  
 7 *new subsection:*

8 *“(d) DUTIES OF DISASTER RESPONSE TEAM.—The*  
 9 *Secretary shall establish as a permanent office in the na-*  
 10 *tional office of the Internal Revenue Service a disaster re-*  
 11 *sponse team which, in coordination with the Federal Emer-*  
 12 *gency Management Agency, shall assist taxpayers in clari-*  
 13 *fying and resolving Federal tax matters associated with or*  
 14 *resulting from any Presidentially declared disaster (as de-*  
 15 *fin ed in section 1033(h)(3)) or a terroristic or military ac-*  
 16 *tion (as defined in section 692(c)(2)).”.*

17 *(b) EFFECTIVE DATE.—The amendment made by this*  
 18 *section shall take effect on the date of the enactment of this*  
 19 *Act.*

20 **SEC. 204. APPLICATION OF CERTAIN PROVISIONS TO TER-**  
 21 **RORISTIC OR MILITARY ACTIONS.**

22 *(a) EXCLUSION FOR DEATH BENEFITS.—Section 101*  
 23 *(relating to certain death benefits) is amended by adding*  
 24 *at the end the following new subsection:*



1       “(i) *CERTAIN EMPLOYEE DEATH BENEFITS PAYABLE*  
 2 *BY REASON OF DEATH FROM TERRORISTIC OR MILITARY*  
 3 *ACTIONS.*—

4               “(1) *IN GENERAL.*—Gross income does not in-  
 5 clude amounts which are received (whether in a single  
 6 sum or otherwise) if such amounts are paid by an  
 7 employer by reason of the death of an employee in-  
 8 curred as a result of a terroristic or military action  
 9 (as defined in section 692(c)(2)).

10              “(2) *NO RELIEF FOR CERTAIN INDIVIDUALS.*—  
 11 Paragraph (1) shall not apply with respect to any in-  
 12 dividual identified by the Attorney General to have  
 13 been a participant or conspirator in a terroristic ac-  
 14 tion (as so defined), or a representative of such indi-  
 15 vidual.

16              “(3) *TREATMENT OF SELF-EMPLOYED INDIVID-*  
 17 *UALS.*—For purposes of this subsection, the term ‘em-  
 18 ployee’ includes a self-employed person (as described  
 19 in section 401(c)(1)).”.

20       “(b) *DISABILITY INCOME.*—Section 104(a)(5) (relating  
 21 to compensation for injuries or sickness) is amended by  
 22 striking “a violent attack” and all that follows through the  
 23 period and inserting “a terroristic or military action (as  
 24 defined in section 692(c)(2)).”.

1       (c) *EXEMPTION FROM INCOME TAX FOR CERTAIN*  
 2 *MILITARY OR CIVILIAN EMPLOYEES.*—Section 692(c) is  
 3 amended—

4           (1) by striking “outside the United States” in  
 5 paragraph (1), and

6           (2) by striking “SUSTAINED OVERSEAS” in the  
 7 heading.

8       (d) *EFFECTIVE DATE.*—The amendments made by this  
 9 section shall apply to taxable years ending on or after Sep-  
 10 tember 11, 2001.

11 **SEC. 205. CLARIFICATION OF DUE DATE FOR AIRLINE EX-**  
 12 **CISE TAX DEPOSITS.**

13       (a) *IN GENERAL.*—Paragraph (3) of section 301(a) of  
 14 the Air Transportation Safety and System Stabilization  
 15 Act (Public Law 107–42) is amended to read as follows:

16           “(3) *AIRLINE-RELATED DEPOSIT.*—For purposes  
 17 of this subsection, the term ‘airline-related deposit’  
 18 means any deposit of taxes imposed by subchapter C  
 19 of chapter 33 of such Code (relating to transportation  
 20 by air).”.

21       (b) *EFFECTIVE DATE.*—The amendment made by this  
 22 section shall take effect as if included in section 301 of the  
 23 Air Transportation Safety and System Stabilization Act  
 24 (Public Law 107–42).

1 **SEC. 206. COORDINATION WITH AIR TRANSPORTATION**  
 2 **SAFETY AND SYSTEM STABILIZATION ACT.**

3 *No reduction in Federal tax liability by reason of any*  
 4 *provision of, or amendment made by, this Act shall be con-*  
 5 *sidered as being received from a collateral source for pur-*  
 6 *poses of section 402(4) of the Air Transportation Safety and*  
 7 *System Stabilization Act (Public Law 107–42).*

8 **TITLE III—DISCLOSURE OF TAX**  
 9 **INFORMATION IN TERRORISM**  
 10 **AND NATIONAL SECURITY IN-**  
 11 **VESTIGATIONS**

12 **SEC. 301. DISCLOSURE OF TAX INFORMATION IN TER-**  
 13 **RORISM AND NATIONAL SECURITY INVES-**  
 14 **TIGATIONS.**

15 *(a) DISCLOSURE WITHOUT A REQUEST OF INFORMA-*  
 16 *TION RELATING TO TERRORIST ACTIVITIES, ETC.—Para-*  
 17 *graph (3) of section 6103(i) (relating to disclosure of return*  
 18 *information to apprise appropriate officials of criminal ac-*  
 19 *tivities or emergency circumstances) is amended by adding*  
 20 *at the end the following new subparagraph:*

21 *“(C) TERRORIST ACTIVITIES, ETC.—*

22 *“(i) IN GENERAL.—Except as provided*  
 23 *in paragraph (6), the Secretary may dis-*  
 24 *close in writing return information (other*  
 25 *than taxpayer return information) that*  
 26 *may be related to a terrorist incident,*

1           *threat, or activity to the extent necessary to*  
2           *apprise the head of the appropriate Federal*  
3           *law enforcement agency responsible for in-*  
4           *vestigating or responding to such terrorist*  
5           *incident, threat, or activity. The head of the*  
6           *agency may disclose such return informa-*  
7           *tion to officers and employees of such agen-*  
8           *cy to the extent necessary to investigate or*  
9           *respond to such terrorist incident, threat, or*  
10          *activity.*

11           “(ii) *DISCLOSURE TO THE DEPART-*  
12          *MENT OF JUSTICE.—Returns and taxpayer*  
13          *return information may also be disclosed to*  
14          *the Attorney General under clause (i) to the*  
15          *extent necessary for, and solely for use in*  
16          *preparing, an application under paragraph*  
17          *(7)(D).*

18           “(iii) *TAXPAYER IDENTITY.—For pur-*  
19          *poses of this subparagraph, a taxpayer’s*  
20          *identity shall not be treated as taxpayer re-*  
21          *turn information.*

22           “(iv) *TERMINATION.—No disclosure*  
23          *may be made under this subparagraph after*  
24          *December 31, 2003.”.*

1       (b) *DISCLOSURE UPON REQUEST OF INFORMATION*  
 2 *RELATING TO TERRORIST ACTIVITIES, ETC.*—Subsection  
 3 (i) of section 6103 (relating to disclosure to Federal officers  
 4 or employees for administration of Federal laws not relat-  
 5 ing to tax administration) is amended by redesignating  
 6 paragraph (7) as paragraph (8) and by inserting after  
 7 paragraph (6) the following new paragraph:

8               “(7) *DISCLOSURE UPON REQUEST OF INFORMA-*  
 9 *TION RELATING TO TERRORIST ACTIVITIES, ETC.*—

10               “(A) *DISCLOSURE TO LAW ENFORCEMENT*  
 11 *AGENCIES.*—

12               “(i) *IN GENERAL.*—Except as provided  
 13 in paragraph (6), upon receipt by the Sec-  
 14 retary of a written request which meets the  
 15 requirements of clause (iii), the Secretary  
 16 may disclose return information (other than  
 17 taxpayer return information) to officers and  
 18 employees of any Federal law enforcement  
 19 agency who are personally and directly en-  
 20 gaged in the response to or investigation of  
 21 any terrorist incident, threat, or activity.

22               “(ii) *DISCLOSURE TO STATE AND*  
 23 *LOCAL LAW ENFORCEMENT AGENCIES.*—The  
 24 head of any Federal law enforcement agency  
 25 may disclose return information obtained

1           under clause (i) to officers and employees of  
2           any State or local law enforcement agency  
3           but only if such agency is part of a team  
4           with the Federal law enforcement agency in  
5           such response or investigation and such in-  
6           formation is disclosed only to officers and  
7           employees who are personally and directly  
8           engaged in such response or investigation.

9           “(iii) *REQUIREMENTS.*—A request  
10          meets the requirements of this clause if—

11               “(I) the request is made by the  
12              head of any Federal law enforcement  
13              agency (or his delegate) involved in the  
14              response to or investigation of any ter-  
15              rorist incident, threat, or activity, and

16               “(II) the request sets forth the spe-  
17              cific reason or reasons why such disclo-  
18              sure may be relevant to a terrorist in-  
19              cident, threat, or activity.

20           “(iv) *LIMITATION ON USE OF INFORMA-*  
21          *TION.*—Information disclosed under this  
22          subparagraph shall be solely for the use of  
23          the officers and employees to whom such in-  
24          formation is disclosed in such response or  
25          investigation.

1                   “(B) *DISCLOSURE TO INTELLIGENCE AGEN-*  
2                   *CIES.*—

3                   “(i) *IN GENERAL.*—*Except as provided*  
4                   *in paragraph (6), upon receipt by the Sec-*  
5                   *retary of a written request which meets the*  
6                   *requirements of clause (ii), the Secretary*  
7                   *may disclose return information (other than*  
8                   *taxpayer return information) to those offi-*  
9                   *cers and employees of the Department of*  
10                  *Justice, the Department of the Treasury,*  
11                  *and other Federal intelligence agencies who*  
12                  *are personally and directly engaged in the*  
13                  *collection or analysis of intelligence and*  
14                  *counterintelligence information or inves-*  
15                  *tigation concerning any terrorist incident,*  
16                  *threat, or activity. For purposes of the pre-*  
17                  *ceding sentence, the information disclosed*  
18                  *under the preceding sentence shall be solely*  
19                  *for the use of such officers and employees in*  
20                  *such investigation, collection, or analysis.*

21                  “(ii)   *REQUIREMENTS.*—*A request*  
22                  *meets the requirements of this subparagraph*  
23                  *if the request—*

24                         “(I) *is made by an individual de-*  
25                         *scribed in clause (iii), and*

1                   “(II) sets forth the specific reason  
2                   or reasons why such disclosure may be  
3                   relevant to a terrorist incident, threat,  
4                   or activity.

5                   “(iii) *REQUESTING INDIVIDUALS.*—An  
6                   individual described in this subparagraph  
7                   is an individual—

8                   “(I) who is an officer or employee  
9                   of the Department of Justice or the De-  
10                  partment of the Treasury who is ap-  
11                  pointed by the President with the ad-  
12                  vice and consent of the Senate or who  
13                  is the Director of the United States Se-  
14                  cret Service, and

15                  “(II) who is responsible for the  
16                  collection and analysis of intelligence  
17                  and counterintelligence information  
18                  concerning any terrorist incident,  
19                  threat, or activity.

20                  “(iv) *TAXPAYER IDENTITY.*—For pur-  
21                  poses of this subparagraph, a taxpayer’s  
22                  identity shall not be treated as taxpayer re-  
23                  turn information.

24                  “(C) *DISCLOSURE UNDER EX PARTE OR-*  
25                  *DERS.*—



1           “(i) *IN GENERAL.*—*Except as provided*  
2           *in paragraph (6), any return or return in-*  
3           *formation with respect to any specified tax-*  
4           *able period or periods shall, pursuant to*  
5           *and upon the grant of an ex parte order by*  
6           *a Federal district court judge or magistrate*  
7           *under clause (ii), be open (but only to the*  
8           *extent necessary as provided in such order)*  
9           *to inspection by, or disclosure to, officers*  
10           *and employees of any Federal law enforce-*  
11           *ment agency or Federal intelligence agency*  
12           *who are personally and directly engaged in*  
13           *any investigation, response to, or analysis*  
14           *of intelligence and counterintelligence infor-*  
15           *mation concerning any terrorist incident,*  
16           *threat, or activity. Return or return infor-*  
17           *mation opened pursuant to the preceding*  
18           *sentence shall be solely for the use of such*  
19           *officers and employees in the investigation,*  
20           *response, or analysis, and in any judicial,*  
21           *administrative, or grand jury proceedings,*  
22           *pertaining to such terrorist incident, threat,*  
23           *or activity.*

24           “(ii) *APPLICATION FOR ORDER.*—*The*  
25           *Attorney General, the Deputy Attorney Gen-*

1            *eral, the Associate Attorney General, any*  
2            *Assistant Attorney General, or any United*  
3            *States attorney may authorize an applica-*  
4            *tion to a Federal district court judge or*  
5            *magistrate for the order referred to in clause*  
6            *(i). Upon such application, such judge or*  
7            *magistrate may grant such order if he de-*  
8            *termines on the basis of the facts submitted*  
9            *by the applicant that—*

10            *“(I) there is reasonable cause to*  
11            *believe, based upon information be-*  
12            *lieved to be reliable, that the return or*  
13            *return information may be relevant to*  
14            *a matter relating to such terrorist inci-*  
15            *dent, threat, or activity, and*

16            *“(II) the return or return infor-*  
17            *mation is sought exclusively for use in*  
18            *a Federal investigation, analysis, or*  
19            *proceeding concerning any terrorist in-*  
20            *cident, threat, or activity.*

21            *“(D) SPECIAL RULE FOR EX PARTE DISCLO-*  
22            *SURE BY THE IRS.—*

23            *“(i) IN GENERAL.—Except as provided*  
24            *in paragraph (6), the Secretary may au-*  
25            *thorize an application to a Federal district*

1           *court judge or magistrate for the order re-*  
2           *ferred to in subparagraph (C)(i). Upon such*  
3           *application, such judge or magistrate may*  
4           *grant such order if he determines on the*  
5           *basis of the facts submitted by the applicant*  
6           *that the requirements of subparagraph*  
7           *(C)(ii)(I) are met.*

8                     “(ii) *LIMITATION ON USE OF INFORMA-*  
9           *TION.—Information disclosed under clause*  
10          *(i)—*

11                    “(I) *may be disclosed only to the*  
12           *extent necessary to apprise the head of*  
13           *the appropriate Federal law enforce-*  
14           *ment agency responsible for inves-*  
15           *tigating or responding to a terrorist*  
16           *incident, threat, or activity, and*

17                    “(II) *shall be solely for use in a*  
18           *Federal investigation, analysis, or pro-*  
19           *ceeding concerning any terrorist inci-*  
20           *dent, threat, or activity.*

21           *The head of such Federal agency may dis-*  
22           *close such information to officers and em-*  
23           *ployees of such agency to the extent nec-*  
24           *essary to investigate or respond to such ter-*  
25           *rorist incident, threat, or activity.*

1                   “(E) *TERMINATION*.—No disclosure may be  
2                   made under this paragraph after December 31,  
3                   2003.”.

4                   (c) *CONFORMING AMENDMENTS*.—

5                   (1) Section 6103(a)(2) is amended by inserting  
6                   “any local law enforcement agency receiving informa-  
7                   tion under subsection (i)(7)(A),” after “State,”.

8                   (2) Section 6103(b) is amended by adding at the  
9                   end the following new paragraph:

10                  “(11) *TERRORIST INCIDENT, THREAT, OR ACTIV-*  
11                  *ITY*.—The term ‘terrorist incident, threat, or activity’  
12                  means an incident, threat, or activity involving an  
13                  act of domestic terrorism (as defined in section  
14                  2331(5) of title 18, United States Code) or inter-  
15                  national terrorism (as defined in section 2331(1) of  
16                  such title).”.

17                  (3) The heading of section 6103(i)(3) is amended  
18                  by inserting “OR TERRORIST” after “CRIMINAL”.

19                  (4) Paragraph (4) of section 6103(i) is  
20                  amended—

21                         (A) in subparagraph (A) by inserting “or  
22                         (7)(C)” after “paragraph (1)”, and

23                         (B) in subparagraph (B) by striking “or  
24                         (3)(A)” and inserting “(3)(A) or (C), or (7)”.

1           (5) Paragraph (6) of section 6103(i) is  
2       *amended—*

3           (A) by striking “(3)(A)” and inserting  
4       “(3)(A) or (C)”, and

5           (B) by striking “or (7)” and inserting “(7),  
6       or (8)”.

7       (6) Section 6103(p)(3) is amended—

8           (A) in subparagraph (A) by striking  
9       “(7)(A)(ii)” and inserting “(8)(A)(ii)”, and

10          (B) in subparagraph (C) by striking  
11       “(i)(3)(B)(i)” and inserting “(i)(3)(B)(i) or  
12       (7)(A)(ii)”.

13       (7) Section 6103(p)(4) is amended—

14          (A) in the matter preceding subparagraph  
15       (A)—

16           (i) by striking “or (5),” the first place  
17       it appears and inserting “(5), or (7),”, and

18           (ii) by striking “(i)(3)(B)(i),” and in-  
19       serting “(i)(3)(B)(i) or (7)(A)(ii),”, and

20          (B) in subparagraph (F)(ii) by striking “or  
21       (5),” the first place it appears and inserting “(5)  
22       or (7),”.

23       (8) Section 6103(p)(6)(B)(i) is amended by  
24       striking “(i)(7)(A)(ii)” and inserting “(i)(8)(A)(ii)”.

25       (9) Section 6105(b) is amended—

1           (A) by striking “or” at the end of para-  
2           graph (2),

3           (B) by striking “paragraphs (1) or (2)” in  
4           paragraph (3) and inserting “paragraph (1),  
5           (2), or (3)”,

6           (C) by redesignating paragraph (3) as  
7           paragraph (4), and

8           (D) by inserting after paragraph (2) the fol-  
9           lowing new paragraph:

10          “(3) to the disclosure of tax convention informa-  
11          tion on the same terms as return information may be  
12          disclosed under paragraph (3)(C) or (7) of section  
13          6103(i), except that in the case of tax convention in-  
14          formation provided by a foreign government, no dis-  
15          closure may be made under this paragraph without  
16          the written consent of the foreign government, or”.

17          (10) Section 7213(a)(2) is amended by striking  
18          “(i)(3)(B)(i),” and inserting “(i)(3)(B)(i) or  
19          (7)(A)(ii),”.

20          (d) *EFFECTIVE DATE.*—The amendments made by this  
21          section shall apply to disclosures made on or after the date  
22          of the enactment of this Act.

Amend the title so as to read: “An Act to amend the  
Internal Revenue Code of 1986 to provide tax relief for

victims of the terrorist attacks against the United States,  
and for other purposes.”.

Attest:

*Secretary.*





107<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

**H. R. 2884**

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## AMENDMENTS